JURA ENERGY CORPORATION

Annual Financial Report

For the year ended September 30, 2007

JURA ENERGY CORPORATION
Management's Discussion and Analysis
September 30, 2007

This Management Discussion and Analysis ("MD&A") of financial conditions and results of operations is a review of the results of operations and the financial position of the Company as at September 30, 2007, and for the years ended September 30, 2007 and 2006. This MD&A is dated December 18, 2007, and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended September 30, 2007.

Jura Energy Corporation's ("Jura" or the "Company") annual consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada ("GAAP"), and are reported in Canadian currency.

Jura is listed and traded on the Toronto Stock Exchange under the trading symbol **JEC**. Additional information relating to Jura Energy Corporation is available on SEDAR at www.sedar.com.

Forward–looking Statements

This MD&A contains forward-looking statements. Readers are advised that any forward-looking statements contained in this MD&A are expressly qualified by the cautionary statements contained within the Forward-looking Statement section commencing on page 12 of this MD&A.

Non-GAAP Measurements

Within management's discussion and analysis, references are made to terms having widespread use in the oil and gas industry. "Netbacks" is not a term defined by GAAP in Canada and is regarded as a non-GAAP measure. Netbacks equal total revenues less sales tax, royalties and production costs.

Overview

Jura Energy Corporation is an international energy company engaged in the exploration, development and production of petroleum and natural gas properties. The Company's activities are conducted exclusively in Pakistan. The Company has ownership positions in exploration, appraisal and development concessions, and is engaged in obtaining and evaluating seismic and other data to identify drilling locations, and drilling development wells on these properties.

By agreement dated November 3, 2006, the Company, together with its in-country partner concluded the acquisition of the shares of a company whose primary assets consist of interests in producing natural gas properties. The subsidiary company's revenues and expenses, less the minority interest therein are reflected in the Company's Statement of Operations effective from January 3, 2007, the date of closing of the acquisition.

Until June 19, 2006 when it changed its name, the Company operated as Proprietary Industries Inc. and was engaged in various businesses and held a variety of investments, none of which were related to its present resource activities. These business activities have all been discontinued, and the Company's efforts are now focused exclusively on the international resource industry.

Overall performance

The current fiscal year represents the first complete year that the Company's focus has been as an energy exploration, development and production company. On January 3, 2007, the Company concluded an agreement to acquire a majority interest in a company, Pyramid Energy International Inc, which has an interest in natural gas producing properties located in Pakistan. This acquisition marked the inception of the Company having active resource production. Other major developments and activities for the Company are summarized below.

During the fiscal year the Company and its in-country partner completed five seismic programs in the Pakistan Central Gas Basin which totalled 899 kilometres of data acquired. Subsequent to the fiscal year-end, an additional 295 kilometre program was completed in a concession in southern Pakistan. This data is now being processed at facilities in Cairo and Tunisia, and will be utilized to define drilling targets for 2008 and 2009.

During September 2007 the drilling of the Hassan 3 well commenced on property acquired through the acquisition of Pyramid Energy International Inc. This well was completed as a natural gas well and is planned to be placed on production in December 2007. On December 1, 2007 the drilling of a second developmental well, Khanpur 2, commenced on this property. The Company has a net 10.5% interest in these two wells.

On June 6, 2007 the Company closed a $30.0 million bought deal equity financing in which 26,100,000 common shares were issued at a price of $1.15 per share. The net proceeds of $27.9 million will be used to fund a portion of the 2007 and 2008 capital program and for general corporate purposes.

A summary discussion of resource related acquisitions that have been completed to date follows:

a) **Exploration and appraisal licences and development lease**

On June 2, 2006 the Company completed the acquisition of certain petroleum and gas interests in Pakistan, comprised of ownership interests ranging from 47.5% to 50% in six exploration licences and a 37.5% interest in a development and production lease for a natural gas field. The acquisition consideration paid was: (a) the issuance of 14,958,838 common shares of the Company valued at $23,186,199; (b) the payment of $16,112,200 (US$14,000,000); (c) the granting of stock options pursuant to the Company's Stock Option Plan to purchase an aggregate of 4,300,000 common shares of the Company valued at $3,929,220; and (d) the agreement by the Company to issue an additional 500,000 common shares of the Company for each 100 billion cubic feet of reserves of gas proven during the five years following June 2, 2006, up to a maximum of an additional 7,681,918 common shares of the Company (the "Additional Consideration"), to which no value has presently been attributed. The issuance of the Additional Consideration in common shares will be subject to regulatory approval at the time of the proposed issuance. If regulatory approval is not obtained, the Company would be required to pay an equivalent amount of cash, based upon the volume weighted average trading price of its common shares.

The six licences and one lease cover a total area of 1,287,548 acres, with four interests being located in the Central Gas Basin, two interests in the Lower Indus Gas and Oil Basin and one in the northern oil-bearing Potwar Basin. The work program associated with these interests' calls for extensive seismic evaluation and the drilling of up to ten exploration wells and fourteen development wells over a period of approximately 36 months.

In January 2007, the Company and its in-country partner submitted a proposal to the relevant regulatory authority in Pakistan to refurbish an existing power station which would utilize as feedstock natural gas from the Kandra natural gas field - the Company's development lease located in the Central Gas basin. Further seismic evaluation followed by the drilling of up to fourteen development wells will take place over the next two years. The power station would provide electrical power to the Pakistan electricity grid, and as such would provide an effective end-use for the Company's natural gas from the Kandra field.

For further information and an update on work completed to date on the Company's petroleum and gas properties acquired on June 2, 2006 refer to the Company's September 30, 2007 Annual Information Form.

b) **Pyramid Energy International Inc.**

On November 3, 2006, the Company, together with Petroleum Exploration (Pvt.) Limited ("PEL"), signed a Share Purchase Agreement to acquire all of the issued and outstanding common, voting shares of Pyramid Energy International Inc. ("Pyramid"). Pursuant to the terms of the agreement, Jura acquired 66.665% of the shares of Pyramid and PEL acquired 33.335% of the Pyramid shares.

The acquisition closed on January 3, 2007 with this being deemed the effective date of the acquisition for accounting purposes. Accordingly, the Company's Statement of Operations for the year ended September 30, 2007 reflects Pyramid's revenues and expenses, less PEL's minority interest since the date of closing. The cost to the Company for its interest in Pyramid amounts to $7,112,394 with consideration consisting of a cash payment of $5,831,198 (US$5,028,893 converted to Canadian currency at 1.1595), the issuance of 1,608,889 common shares valued at $1,232,570, and $48,626 in legal and professional fees paid. The valuation of the Company's common shares issued was based on the weighted average closing price of one of the Company's shares on the TSX for the five day trading period ended January 5, 2007.

Pyramid's only petroleum and natural gas property is a 15.7895% interest in a concession situated in the Central Gas Basin in Pakistan. The concession area had three natural gas wells on production when acquired. Since that time there has been one additional developmental well drilled and successfully completed, and one well which is currently being drilled.

Results of Operations

Annual Comparative Statement of Operations

	2007	2006	Change
Revenues			
Petroleum and natural gas sales	$ 1,273,309	$ -	$ 1,273,309
Less: Sales tax	170,926	-	(170,926)
Royalty	122,329	-	(122,329)
	980,054	-	980,054
Interest	882,676	1,260,071	(377,395)
Other income	2,193,870	1,468,916	724,954
	4,056,600	2,728,987	1,327,613
Expenses			
Production	120,542	-	(120,542)
General and administrative	4,972,249	5,718,128	745,879
Unrealized foreign exchange losses	1,331,712	109,431	(1,222,281)
Realized foreign exchange losses	964,497	-	(964,497)
Valuation discount on other assets	1,688,000	-	(1,688,000)
Revaluation of marketable securities	85,074	-	85,074
Depletion, depreciation and amortization	909,179	18,254	(890,925)
	10,071,254	5,845,813	(4,055,292)
Loss before minority interest and taxes	(6,014,654)	(3,116,826)	(2,727,679)
Non-controlling interest	(145,544)	(936,211)	(790,667)
Current income tax recovery (recovery)	-	(42,167)	(42,167)
Future income tax expense	538,800	-	(538,800)
Net loss and comprehensive loss for the year	$ (6,407,910)	$ (2,138,448)	$ (4,269,462)

The acquisition of Pyramid on January 3, 2007 marked the commencement of active operations for the Company due to Pyramid's existing producing natural gas properties As the Company's previous operating activities as a merchant bank were discontinued prior to the current fiscal year, comparisons of 2007 to 2006 and earlier periods are not considered meaningful.

Natural gas from these properties is sold at US$1.60 per Mcf ("thousand cubic feet") with such price being regulated by the Government of Pakistan.

Petroleum and natural gas sales volumes averaged 1,515 net Mcf/day for the nine month period ended September 30, 2007. Sales revenues were negatively impacted by the stronger Canadian dollar in the fourth quarter of fiscal 2007. Total net sales volume for the period was 413,663 Mcf.

Sales taxes are calculated for payment to the Government of Pakistan at a rate that approximates 15% of the sales value of the gas, however there are typically minor adjustments and foreign currency adjustments that have resulted in an effective rate of 13.1% for the period. The Royalty is calculated at a rate of 12.5% on what is referred to as the wellhead value of the natural gas produced and sold; the wellhead value is determined by adjusting gross revenues by an allowance for depreciation. For the period the effective royalty rate amounts to 9.4% of gross sales revenues. Production expenses are typical of the nature and types of operations expenses seen in North America, and amounted to 9.2% of gross revenues for the period.

The resource activities for the nine month period resulted in a gross netback of $859,512 (net $572,005).

Interest revenues from short term investments for the period total $882,676. The decline in interest revenue as compared to the comparative period is due primarily to lower cash balances on deposit for the current period.

Included in other income for the period is $1,693,870 resulting from the settlement of a legal matter with former officers of the Company that relate to operations since discontinued. The Company received 334,800 shares of Pearl Explorations Ltd. - a resource company traded on the TSX Venture exchange. The Company recorded a gain upon receipt of these shares of $1,324,246 pursuant to the settlement agreement. As at September 30, 2007, 59,800 of these shares remain on hand, and are presented as marketable securities carried at fair value on the balance sheet. Also in connection with the above settlement, $369,624 was recovered that related to loans and notes receivable against which valuation allowances, and the expenses related thereto, had been established in previous years; accordingly, the recovery has been recorded as revenue.

Other revenue items for the comparative period result from items related to the Company's former operations, with the most significant item being $619,033 recorded as a gain on the sale of assets.

The Company entered into a foreign currency option contract on July 12, 2007 under which US$14.0 million was purchased for C$14,655,200 (FX conversion rate = 1.0468) on October 12, 2007, the expiry date of the contract. Based on the Canadian to United States currency exchange rate at September 30, 2007 of 0.9983, the Company recognized an unrealized loss of $707,000 on this financial instrument for the current year. At expiry of the contract on October 12, 2007, the Company incurred an additional loss of $313,386 for a total realized loss of $1,020,386 on the financial instrument.

In July 2007, the Company invested $14,938,950 in non-bank Asset Backed Commercial Paper ("ABCP") that was to have matured on August 14, 2007 as $15.0 million. However, the $15.0 million due on maturity was not funded by the issuer of the paper, and the full amount of the investment remains uncollected and outstanding as at the Company's year-end. At September 30, 2007 the Company made a fair value determination of this ABCP investment the result of which was to record a valuation allowance of $1,688,000 as a reduction to the carrying value of the investment. The Company used a probability weighted valuation technique to reflect the expected realization of the notes in an active secondary market for the long-term, floating rate notes that are currently anticipated to be the most likely financial instrument to replace the Company's ABCP. The Company also considered the timing and discounted value of future possible cash inflows in determining the valuation allowance stated above.

Depletion, depreciation and amortization expense is higher than the comparative period as it includes unit-of-production depletion and depreciation expense for the Company's resource activities.

General and administrative expenses of $4,972,249 are down by $855,310 (15%) from the comparative period. This reduction was mainly driven by the reduction of legal fees incurred by the Company on matters related to

former operations in the U.S. The reduction of legal fees was offset by an increase in stock based compensation expense in the period relating to options granted in fiscal 2007.

Fourth Quarter Results

Petroleum and natural gas sales volumes averaged net 1,500 Mcf/day in the fourth quarter of 2007 (Q3 2007 net: 1,443 Mcf/day). Sales revenues for the quarter were $398,780 which was a decrease from the third quarter sales of $407,998 caused by the change in the Canadian and U.S. dollar exchange rate over the period.

Sales tax was 12.4% (Q3 2007: 13.3%) of revenues and royalties were 9.1% (Q3 2007: 8.5%) of revenues for the fourth quarter. Production costs were 10.2% (Q3 2007: 8.3%) of revenues with a minor fluctuation caused by non-routine maintenance.

In the fourth quarter, a legal settlement was reached on a matter carried over from the Company's former operations. The result was that $500,000 was recognized as other income in the quarter as amounts that had been outstanding relating to this matter had been previously provided for.

General and administrative expenses of $1,394,720 in the fourth quarter are consistent with the third quarter which was $1,486,322.

Capital Expenditure Summary

As planned, an extensive seismic acquisition program over five of the exploration concessions was commenced in fiscal 2007. Programs were completed in the following concessions in the Pakistan Central Gas Basin: Mirpur Mathelo (254 kilometres), Salam (88 kilometres), Kandra – upper and lower reservoirs (361 kilometres), Block 22 (62 kilometres) and the Hamza Appraisal area (134 kilometres). Subsequent to the year end, a seismic program of 295 kilometres has been completed in Badin IV North block in southern Pakistan with the crew and equipment now having moved on to begin the 300 kilometre survey in the neighbouring Badin IV South block. A separate seismic crew has been contracted to shoot 110 kilometres of seismic in the northern Pakistan Karsal block which is anticipated to commence in December. Seismic processing is currently taking place at Spectrum Geopex in Cairo and CGG in Tunisia.

Drilling of the Hasan 3 well commenced on September 18, 2007 on the concession acquired through the Pyramid acquisition. This well was completed as a natural gas well and is anticipated to be on production in December 2007. On December 1, 2007 the Company announced the commencement of drilling of a second development well, Khanpur 2, on the same concession that is anticipated to take 30 days to drill.

Summary of Selected Quarterly Information

($ thousands, except per share amounts)

	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	$ 1,640.4	$ 935.4	$1,163.8	$ 231.9	$ 880.3	$ 204.9	$ 556.0	$ 957.7
Expenses	$ 6,383.5	$1,844.6	$1,822.4	$ 328.9	$ 1,711.9	$ 1,523.9	$ 1,457.0	$ 1,707.8
Net earnings (loss)	$(4,743.1)	$ (909.2)	$ (658.5)	$ (97.1)	$ 831.6	$ (1,319.0)	$ (901.0)	$ (750.1)
- per share	$ (0.03)	$ (0.01)	$ (0.01)	$ (0.01)	$ 0.01	$ (0.02)	$ (0.02)	$ (0.01)

Liquidity and capital resources

The Company presently anticipates expending approximately $47.1 million for its proportionate share of exploration and development activities, including seismic evaluation and drilling of up to ten exploration wells, up to fourteen development wells and two additional production wells over the next three fiscal years. The amount of actual expenditures incurred, together with their timing, will be dependent on the outcome of ongoing technical evaluations, and accordingly may change from the preliminary indications indicated herein.

The Company has submitted a proposal to participate in the development and upgrading of a power generation plant located nearby the Kandra development lease, with preliminary estimates anticipating that the Company's share of capital expenditures will amount to $61.2 million in respect of a 120 megawatt facility.

The closing of the $30.0 million bought deal equity financing on June 6, 2007 will provide funds for a portion of the 2007, 2008 and 2009 capital commitments and for general corporate purposes. In order to meet the additional financial commitments required for planned expenditures on petroleum and natural gas properties, and the proposed power generation plant project, the Company will require funds over and above its existing working capital of $15.6 million, and funds that will be generated from operations. It is presently anticipated that additional funds of approximately $92.7 million will be required, with $49.0 million expected to be raised through debt financing secured by the power generation plant and the remaining $43.7 million to be raised through other means.

The Company has not yet concluded any agreements to raise the additional capital funding referred to above, and failure to do so in a timely manner could result in the potential relinquishment of the Company's interests in its concession grants. Factors that could affect the Company's ability to attract equity and debt funding would include economic downturns affecting capital markets in North America and Europe and the possibility of political instability within Pakistan.

Summary of payments due by period:

	Total	Year 1	Year 2	Years 3 - 5	After 5 years
Contractual obligations					
Operating leases - office space	$ 163,438	$ 50,540	$ 112,898	$ -	$ -
Exploration and development expenditure commitments made pursuant to the granting of exploration and appraisal licences and development lease agreements	22,795,174	12,251,834	5,711,935	4,831,405	-
Exploration and development expenditures presently planned, but for which contractual commitments have not yet been made.	24,261,419	4,758,504	8,059,870	11,443,045	-
Power generation plant expenditures presently planned, but for which contractual commitments have not yet been made.	61,200,000	7,560,000	30,000,000	22,500,000	
	$108,420,031	$ 24,620,878	$ 43,884,703	$ 38,774,450	$ -

Related party transactions

For the year ended September 30, 2007 the Company expensed $297,177 (2006 - $215,419) for Directors fees and other services. Included in this figure is $5,710 (2006 - $38,669) relating to the imputed fair value of compensation expense for stock options. At September 30, 2007 $30,200 (2006 - $73,000) was due to these directors and included in accounts payable and accrued liabilities in the consolidated balance sheet.

In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other overheads with a company for which certain officers and directors are also an Officer and Directors of the Company. For the year ended September 30 2007, the Company's share of these costs amounted to $300,618 (2006: $114,004); there was no amount outstanding at the period end.

In May, 2007, the Company commenced providing financial and accounting services to Loon Energy Inc. ("Loon"), which owns 6.4% of the outstanding shares of the Company. Two directors and officers of Loon are directors of the Company. For the year ended September 30, 2007, the Company charged fees and associated costs totalling $141,011 (2006 – Nil). At September 30, 2007 $141,011 (2006 – Nil) was due from Loon and included in accounts receivable in the consolidated balance sheet.

Critical accounting estimates

The Company's consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles. In so doing, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the measurement and disclosure of contingent assets and liabilities at the date of the financial statements together with the reported amounts of revenues and expenses for the reporting periods then ended. Actual results could differ from these estimates. Estimates and judgements used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the consolidated financial statements are prepared. Predicting the outcome of future events cannot be done with certainty however, and therefore estimates used may change as new events occur, additional experience is acquired or the Company's operating environment changes.

The Company considers the following accounting estimates to be critical given the uncertainties that exist at the time the consolidated financial statements are prepared:

a) Litigation

The Company is involved in a number of lawsuits – both as plaintiff and as defendant – that relate to its former business activities as a merchant bank. Three unresolved legal actions are disclosed in the Company's financial statements at September 30, 2007. Two of the actions are claims against the Company for which the total liability would be $3.46 million in the event of judgements unfavourable to the Company; the Company's financial statements at September 30, 2007 reflect a liability (Note Payable) in the amount of $650,000 related to one of the claims notwithstanding that the Company believes it has valid legal defences against the claims made against it in respect of these actions. Until these legal matters are resolved however, the final amount of the potential liabilities is not determinable. The Company has also initiated a legal action against its former auditors, for which no amount receivable has been recorded. The Company will not record a receivable or recovery in respect of this action until final resolution has been achieved.

b) Depletion and depreciation expense

Depletion and deprecation of petroleum and natural gas properties and equipment is provided using the unit-of-production method and proved reserves. The Company has retained an independent reservoir engineering firm to determine proved reserves used in the depletion and depreciation provision. Expenditures on undeveloped properties are excluded from the depletion provision until related reserves are proven, or impairment is recognized. Volumes are converted to equivalent units on the basis that one barrel of oil is equivalent to six thousand cubic feet of natural gas.

c) *Asset retirement obligations*

In January, 2007, the Company completed the acquisition of 66.665% of the issued and outstanding shares of Pyramid, as described elsewhere in this document. Pyramid owns a 15.7895% working interest in various producing natural gas wells and surrounding acreage. The asset retirement obligation related to the Pyramid properties represents the entire provision on the Company's balance sheet at September 30, 2007, and has been determined by management based on the evaluation of an independent reservoir engineering firm. The preliminary allocation to Asset retirement obligation had been $811,203 (as disclosed in earlier financial information) with this then being adjusted to $152,195 as presented in the Company's financial statements on the basis of more complete information related to estimates for potential abandonment costs in Pakistan.

d) *Carrying value of Investment in asset backed commercial paper*

In July 2007, the Company invested $14,938,950 in non-bank Asset Backed Commercial Paper ("ABCP") that was to have matured on August 14, 2007 as $15.0 million. However, the $15.0 million due on maturity was not funded by the issuer of the paper, and the full amount of the investment remains uncollected and outstanding as at the Company's year-end. A group representing banks, asset providers and major investors (the "Montreal Group") has been working to re-establish normal operations in the Canadian ABCP market with their stated goal being to restore liquidity to this market. However, as at the date of this report, there is no basis to determine whether the Canadian ABCP market will be restored, and if so, when such restoration will occur. Further, there has yet to be established a viable, liquid secondary market for Canadian ABCP, and there is no assurance that such a market will be established in the future.

As reasonably prompt liquidation is unlikely, the Company has reclassified this investment in ABCP to long-term in other assets.

At September 30, 2007 the Company made a fair value determination of this ABCP investment the result of which was to record a valuation allowance of $1,688,000 as a reduction to the carrying value of the investment. The Company used a probability weighted valuation technique to reflect the expected realization of the notes in an active secondary market for the long-term, floating rate notes that are currently anticipated to be the most likely financial instrument to replace the Company's ABCP. The Company also considered the timing and discounted value of future possible cash inflows in determining the valuation allowance stated above.

There is no certainty as to whether a Canadian non-bank ABCP market will eventually be restored and consequently the timing and amount of any future cash flows may vary materially from current estimates.

New accounting policies

On October 1, 2006, the Company adopted the Canadian Institute of Chartered Accountants Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity" and Section 3855 "Financial Instruments – Recognition and Measurement". As required by the new standards, prior periods have not been restated.

Comprehensive Income
The new standards introduce comprehensive income, which consists of net earnings or loss and other comprehensive income. The Company's financial statements now include a Consolidated Statement of Changes in Equity, which includes all components of equity, including comprehensive income as and when recognized. The Company has no financial instruments or activities that give rise to other comprehensive income.

Financial Instruments
The financial instrument standard establishes the recognition and measurement criteria of financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities as defined by the standard.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net earnings or loss. Financial assets available-for-sale are measured at fair value, with changes in those fair values recognized in other comprehensive income. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

Cash, short-term deposits and restricted cash are designated as held-for-trading and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Marketable securities are designated as held-for-trading, and are measured at fair value. Trade accounts receivable, notes receivable and prepaid expenses and deposits are designated as loans and receivables. Trade accounts payable and accrued liabilities and long-term liabilities are designated as other financial liabilities.

There were no transitional adjustments on the adoption of the financial instruments standard.

Initial adoption of accounting policies

The Company has also adopted a number of accounting policies to reflect the Company's acquisition of 66.665% of Pyramid Energy International Inc. and this its change to a producing petroleum and natural gas company, including policies for:

- Asset retirement obligations
- Joint venture accounting
- Revenue recognition

Future Accounting Policy Changes

Effective October 1, 2007, the Company will adopt new accounting standards for Capital Disclosures (CICA Handbook Section 1535) and Financial Instruments – Disclosure and Presentation (CICA Handbook Sections 3862 and 3863).

Capital Disclosures
Under Section 1535, the Company will disclose its objectives, policies and procedures for managing capital, any summary quantitative data about what the Company manages as capital, whether the Company has complied with any externally imposed capital requirements and, if the Company has not complied with them, any consequences of non-compliance with these capital requirements.

Financial Instruments – Disclosure and Presentation
The new Sections 3862 and 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation. Disclosure requirements are revised and enhanced, while presentation requirements remain essentially unchanged. The new disclosure requirements will expand discussion around the significance of financial instruments for the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Financial instruments

The Company's consolidated financial statements reflect a number of financial instruments, including cash and short-term deposits, accounts receivable, marketable securities, prepaid expenses and deposits, accounts payable and accrued liabilities and notes payable. In conformance with the Company's newly adopted accounting policy regarding the recognition and measurement of financial instruments, all of these aforementioned assets and liabilities are recorded at their fair value.

a) Interest rate risk

The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. Other interest rate risks on the Company's obligations are not considered material.

b) Credit risk

The Company's accounts receivable will be primarily from joint venture partners, government agencies and customers operating within the international petroleum and natural gas industry, and are subject to credit and political risks that would be considered normal in this environment. Amounts receivable remaining from the Company's former business activities are carried at their estimated realizable value.

The carrying value of the Company's investment in non-bank Asset Backed Commercial Paper has been reduced by a valuation allowance to reflect the risk that the full amount of principal and interest due will not be collected because of the present absence of a viable, liquid market for these investments.

c) Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between Canadian dollars, United States dollars and Pakistan rupees. At September 30, 2007 the Company's primary exposures relate to U.S. dollars held on deposit for the Government of Pakistan and for commitments related to expenditures on petroleum and natural gas properties which are typically denominated in United States dollars.

Outstanding share data

Common shares

	Number of shares		Stated value
Balance, September 30, 2005	*59,835,356*	$	142,319,358
Issuance of shares upon acquisition of petroleum and natural gas properties	*14,958,838*		23,186,199
Private placement, net of costs of issuance	*15,000,000*		13,379,001
Balance, September 30, 2006	*89,794,194*	$	178,884,558
Issuance of shares pursuant to acquisition of Pyramid Energy International Inc.	*1,608,889*		1,232,570
Issued pursuant to exercise of stock options	*250,000*		215,000
Issuance of shares for cash	*26,100,000*		27,131,299
Balance, September 30, 2007, and December 17, 2007	*117,753,083*	$	207,463,427

On June 6, 2007 the Company closed a $30.0 million bought deal equity financing in which 26,100,000 common shares were issued at a price of $1.15 per share. Costs of issuance for this financing included cash expenses of $2,152,966 and the issuance of 1,566,000 broker warrants exercisable at $1.15 to which an imputed fair value of $730,735 has been ascribed. The broker warrants estimated fair value was calculated using the Black-Scholes option pricing model with the following variables and assumptions: (a) risk free interest rate of 4.6% (b) expected life of 2 years, (c) expected volatility of 82%, and (d) no expected dividends.

Pursuant to the acquisition of petroleum and natural gas properties in June 2006, the Company agreed to issue an additional 500,000 of its common shares for each 100 billion cubic feet of reserves of natural gas proven for

these properties during the five years following June 2, 2006, to a maximum of an additional 7,681,918 common shares. The issuance of the additional consideration in common shares will be subject to regulatory approval at the time of the proposed issuance. If regulatory approval is not obtained, the Company would be required to pay an equivalent amount of cash, based upon the volume weighted average trading price of the common shares in lieu thereof.

Stock Options

The Company's shareholders approved an amended and restated stock option plan at the March 2007 Annual and Special Meeting of shareholders. Amendments to the stock option plan were made to reflect the current requirements of the Toronto Stock Exchange regarding security based compensation arrangements, and include:

- The aggregate number of shares that can be issued under the stock option plan is limited to 10% of the Common Shares outstanding from time to time, and
- The exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

Share purchase options outstanding are as follows:

	Number	Option price per share
Granted April 4, 2005 - expiry April 4, 2010	1,620,000	$0.69
Granted March 30, 2006 - expiry March 30, 2011	4,300,000	$1.55
Granted on December 13, 2006 - expiry December 31, 2011	2,140,000	$1.00
Granted on January 8, 2007 - expiry January 8, 2012	350,000	$1.00
Granted on June 5, 2007 - expiry June 5, 2012	100,000	$1.15
Exercised during the period	(250,000)	$0.69
Balance outstanding, September 30, 2007, and December 17, 2007	8,260,000	

Common Share Purchase Warrants

Share purchase warrants outstanding are as follows:

	Number	Exercise Price per share
Balance, September 30, 2005	-	
Exercisable for one year from August 19, 2006	*15,000,000*	$1.50
Exercisable for two years from August 19, 2006	*900,000*	$1.00
Balance, September 30, 2006	*15,900,000*	
Exercisable for eighteen months from June 6, 2007	*1,566,000*	$1.15
Expiry of warrants on August 19, 2007	*(15,000,000)*	$1.50
Balance, September 30, 2007	*2,466,000*	

Forward Looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance of the Company. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected. Specific forward-looking statements in this MD&A, among others, statements pertaining to the following:

- factors upon which the Company will decide whether or not to undertake a specific course of action;
- world-wide supply and demand for petroleum products;
- expectations regarding the Company's ability to raise capital;
- treatment under governmental regulatory regimes; and
- commodity prices.

With respect to forward-looking statements in this MD&A, the Company has made assumptions, regarding, among other things:

- the impact of increasing competition;
- the Company's ability to obtain additional financing on satisfactory terms; and
- the Company's ability to attract and retain qualified personnel.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- general economic conditions;
- volatility in global market prices for oil and natural gas;
- competition;
- liabilities and risks, including environmental liability and risks, inherent in oil and gas operations;
- the availability of capital;
- alternatives to and changing demand for petroleum products; and
- the other factors considered under "Risk Factors" herein.

Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future.

The forward–looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. These statements speak only as of the date of this MD&A. The Company does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

Disclosure Controls and Procedures, and Internal Controls over Financial Reporting

The preparation of the MD&A is supported by a set of disclosure controls and procedures as at September 30, 2007. Disclosure controls and procedures have been designed to provide reasonable assurance that material information required to be disclosed by the Company is accumulated, appropriately processed and communicated to the Company's management to allow timely decisions regarding and preparation of required disclosures. The Company's Chief Executive Officer and Chief Financial Officer believe that the Company's

disclosure controls and procedures provide a reasonable level of assurance that they are effective, however they do not expect that the disclosure controls and procedures will prevent all errors and/or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing Internal Controls over Financial Reporting (ICFR) or causing them to be designed under their supervision. Senior management believes that the Company's system of ICFR is appropriately designed to provide reasonable assurance regarding the reliability of financial reporting systems and the preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. However the Company recognizes that its ICFR has a number of inherent weaknesses due to the geographical distribution of the Company's senior management staff, and the limited number of staff employed by the Company. At the Company's present stage of development, it is not economically feasible to achieve complete segregation of otherwise incompatible duties. Management believes that it has designed sufficient compensating internal controls, comprised primarily of management and Board review and oversight, to mitigate these limitations.

A system of ICFR, no matter how well conceived or operated can provide only reasonable, not absolute, assurance that the objectives of the ICFR are met. At present, the Chief Executive Officer, the Executive Vice-President and the Chief Financial Officer oversee all material transactions and there is daily oversight by management of the Company. Interim consolidated financial statements are reviewed each quarter by the Company's external audit firm, and the Audit Committee and the Board review the interim and annual consolidated financial statements.

Approval
The Company's Board of Directors has approved the disclosure contained within this MD&A. A copy of the MD&A is available on SEDAR at www.sedar.com.

JURA ENERGY CORPORATION

Management's Report

The Consolidated Financial Statements of Jura Energy Corporation and related financial information were prepared by, and are the responsibility of Management. The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. The Consolidated Financial Statements and related financial information reflect amounts which must of necessity be based upon informed estimates and judgments of Management with appropriate consideration to materiality. The Company has developed and maintains systems of controls, policies and procedures in order to provide reasonable assurance that assets are properly safeguarded, and that the financial records and systems are appropriately designed and maintained, and provide relevant timely and reliable financial information to management.

PricewaterhouseCoopers LLP are the external auditors appointed by the shareholders, and they have conducted an independent examination of the corporate and accounting records in order to express an Auditors Opinion on these consolidated financial statements.

The Board of Directors has established an Audit Committee. The Audit Committee reviews with Management and the external auditors any significant financial reporting issues, the consolidated financial statements, and any other matters of relevance to the parties. The Audit Committee meets quarterly to review and approve the interim financial statements prior to their release, as well as annually to review the Company's annual financial statements, Management's discussion and analysis, and the Annual Information Form, and to recommend their approval to the Board of Directors. The external auditors have unrestricted access to the Company, the Audit Committee and the Board of Directors.

"Signed"

Nigel R. McCue
Chief Executive Officer

"Signed"

Paul H. Rose
Chief Financial Officer

December 18, 2007

PRICEWATERHOUSECOOPERS

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December 18, 2007

Auditors' Report

To the Shareholders of
Jura Energy Corporation

We have audited the consolidated balance sheet of **Jura Energy Corporation** as at September 30, 2007 and the consolidated statements of changes in equity, operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at September 30, 2006 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated December 13, 2006.

PricewaterhouseCoopers LLP

Chartered Accountants

Jura Energy Corporation
Consolidated Balance Sheet

	September 30, 2007	September 30, 2006
Assets		
Current assets		
Cash and cash equivalents (note 4)	$ 16,375,519	$ 21,591,496
Marketable securities	274,738	33,901
Accounts receivable	2,527,175	364,664
Prepaid expenses and deposits	10,592	354,683
	19,188,024	22,344,744
Other assets (note 5)	16,325,976	3,949,721
Property and equipment (note 6)	65,127,346	45,449,458
	$ 100,641,346	$ 71,743,923
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,191,820	$ 2,309,461
Deferred foreign exchange option loss (note 7)	707,000	-
Note payable (note 8)	650,000	863,426
	3,548,820	3,172,887
Asset retirement obligation (note 9)	177,291	-
Future income taxes (note 14)	2,587,800	-
Non-controlling interest in subsidiaries (note 10)	2,629,480	833,298
	8,943,391	4,006,185
Shareholders' equity		
Share capital (note 11)	207,463,427	178,884,558
Contributed surplus (note 12)	21,960,027	20,170,769
Deficit	(137,725,499)	(131,317,589)
	91,697,955	67,737,738
	$ 100,641,346	$ 71,743,923

Jura Energy Corporation

Consolidated Statement of Changes in Equity

	For the years ended September 30, 2007	2006
Share capital (note 11)		
Balance, beginning of year	$ 178,884,558	$ 142,319,358
Changes during the year	28,578,869	36,565,200
Balance, end of year	207,463,427	178,884,558
Contributed surplus (note 12)		
Balance, beginning of year	20,170,769	15,724,319
Changes during the year	1,789,258	4,446,450
Balance, end of year	21,960,027	20,170,769
Deficit		
Balance, beginning of year	(131,317,589)	(129,179,141)
Net loss and comprehensive loss	(6,407,910)	(2,138,448)
Balance, end of year	(137,725,499)	(131,317,589)
Total equity	$ 91,697,955	$ 67,737,738

Jura Energy Corporation
Consolidated Statement of Operations

	For the years ended September 30, 2007	2006
Petroleum and natural gas sales	$ 1,273,309	$ -
Less:		
Sales tax	170,926	-
Royalty	122,329	-
	980,054	-
Interest	882,676	1,260,071
Other income (note 13)	2,193,870	1,468,916
	4,056,600	2,728,987
Expenses		
Production	120,542	-
Administration	4,972,249	5,718,128
Unrealized foreign exchange losses	1,331,712	109,431
Realized foreign exchange losses	964,497	-
Valuation allowance on other assets (note 5)	1,688,000	-
Unrealized loss on revaluation of marketable securities	85,074	-
Depletion, depreciation and amortization	909,179	18,254
	10,071,254	5,845,813
Loss before non-controlling interest and taxes	(6,014,654)	(3,116,826)
Non-controlling interest	(145,544)	(936,211)
Income taxes (note 14)		
Current income tax (recovery)	-	(42,167)
Future income tax	538,800	-
Net loss and comprehensive loss	$ (6,407,910)	$ (2,138,448)
Loss per share	$ (0.06)	$ (0.03)

Jura Energy Corporation
Consolidated Cash Flow Statement

	For the years ended September 30, 2007	2006
Operating activities		
Net loss	$ (6,407,910)	$ (2,138,448)
Realized foreign exchange loss on note receivable	298,076	-
Items not involving cash:		
Depletion, depreciation and amortization	909,179	18,254
Future income taxes	538,800	-
Gain on asset sales	-	(619,033)
Unrealized loss on revaluation of marketable securities	85,074	-
Gain on settlement of a legal claim	(1,324,246)	-
Write-downs of real estate property	-	82,149
Realized foreign exchange losses	21,861	110,426
Unrealized foreign exchange losses	1,528,788	-
Valuation discount on other assets	1,688,000	-
Non-controlling interest in subsidiaries	-	(936,211)
Recoveries on settlement of amounts payable	(369,624)	-
Stock based compensation	1,101,023	83,657
Non-controlling interest	(145,544)	-
Funds used in operations	(2,076,523)	(3,399,206)
Changes in other current assets and liabilities (note 15)	(550,692)	3,232,268
	(2,627,215)	(166,938)
Financing activities		
Note receivable (note 3)	(298,076)	-
Net proceeds from common share issuance (note 11(b))	28,034,534	13,812,573
	27,736,458	13,812,573
Investing activities		
Business acquisition (note 3), adjusted for cash acquired (of $228,878)	(4,848,542)	-
Realized foreign exchange loss on acquisition	(802,404)	-
Investment in commercial paper	(14,938,950)	-
Settlement of legal claim	500,000	-
Proceeds on sale of investments	1,019,915	389,342
Loan receivable payments, net	-	11,358,051
Property and equipment	(9,806,420)	(18,105,990)
Proceeds on sale of land	-	493,942
Change in accounts payable related to capital expenditures	(1,001,726)	-
	(29,878,127)	(5,864,655)
Effect of exchange rate changes on cash	(447,093)	(169,314)
Change in cash	(5,215,977)	7,611,666
Cash and cash equivalents, beginning of year	21,591,496	13,979,830
Cash and cash equivalents, end of year	$ 16,375,519	$ 21,591,496

Supplemental cash flow information		
Interest paid	$ 2,131	$ 7,523
Income taxes paid	$ -	$ 81,892

Jura Energy Corporation
Notes to Consolidated Financial Statements
September 30, 2007

1. Basis of preparation

Jura Energy Corporation ("the Company") is an energy exploration, development and production company with active operations focused in Pakistan. The Company's audited consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and are presented in Canadian currency.

Jura Energy Corporation is listed on the Toronto Stock Exchange and trades under the symbol "JEC".

2. Significant accounting policies

New accounting policies

On October 1, 2006, the Company adopted the Canadian Institute of Chartered Accountants Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity" and Section 3855 "Financial Instruments – Recognition and Measurement". As required by the new standards, prior periods have not been restated.

Comprehensive Income
The new standards introduce comprehensive income, which consists of net earnings or loss and other comprehensive income. The Company's financial statements now include a Consolidated Statement of Changes in Equity, which includes all components of equity, including comprehensive income as and when recognized. The Company has no financial instruments or activities that give rise to other comprehensive income.

Financial Instruments
The financial instrument standard establishes the recognition and measurement criteria of financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities as defined by the standard.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net earnings or loss. Financial assets available-for-sale are measured at fair value, with changes in those fair values recognized in other comprehensive income. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

Cash, short-term deposits and restricted cash are designated as held-for-trading and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Marketable securities, and cash and securities classified as other assets are designated as held-for-trading, and are measured at fair value. Trade accounts receivable, notes receivable and prepaid expenses and deposits are designated as loans and receivables. Trade accounts payable and accrued liabilities and long-term liabilities are designated as other financial liabilities.

There were no transitional adjustments on the adoption of the financial instruments standard.

(a) Principles of consolidation
The accompanying consolidated financial statements of the Company include the accounts of the Company and its wholly-owned subsidiaries. Entities which are not controlled and for which the Company has the ability to exercise significant influence over are accounted for using the equity method.

(b) Property and equipment
The Company follows the full cost method of accounting for its resource activities, and accordingly all costs related to the exploration for and development of petroleum and natural gas reserves are accumulated in one cost centre for Pakistan. Capitalized costs include: concession, land and lease acquisition costs, geological and geophysical expenditures, the carrying costs associated with undeveloped and non-producing properties, drilling and completion costs of productive and non-productive properties, and related production, gathering and plant equipment costs. A portion of overhead charges directly related to acquisition, exploration and development activities are capitalized. Proceeds received from the disposition of properties are normally credited to the cost centre without recognition of a gain or loss unless such treatment would result in a change of 20% or more to the depletion rate.

The Company performs a cost recovery test at least annually to evaluate and if appropriate, recognize impairment when the carrying value of property and equipment exceeds the undiscounted future cash flows from proven reserves using estimated future commodity prices. The amount of any impairment to be recognized is determined as the excess of the

2 **Significant accounting policies (continued)**

carrying value over fair value. Fair value is determined using proven and probable reserves together with undeveloped land, and is based on the present value of expected future cash flows discounted at a risk-free rate of interest.

(c) Depletion and depreciation
Depletion and deprecation of petroleum and natural gas properties and equipment is provided using the unit-of-production method and proved reserves. Expenditures on undeveloped properties are excluded from the depletion provision until related reserves are proven or impairment is recognized. Volumes are converted to equivalent units on the basis that one barrel of oil is equivalent to six thousand cubic feet of natural gas.

(d) Office and computer equipment
Office and computer equipment are recorded at cost and are depreciated over the estimated useful lives of the asset on the declining balance basis at rates ranging from 20% to 30%.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

(f) Asset retirement obligations
The Company recognizes the fair value of its asset retirement obligation as a liability at the time it incurs an obligation for the future abandonment and reclamation costs resulting from its resource operations. The asset retirement obligation is initially measured at its estimated fair value, which is the discounted future value of the liability, with the liability then accreting each subsequent period until the obligation is settled. The estimated fair value of the asset retirement obligation is capitalized to the petroleum and natural gas properties and equipment accounts, and is depleted over the estimated useful life of these assets.

(g) Joint ventures
The Company conducts all of its exploration, development and production activities with partners, and accordingly these consolidated financial statements reflect only the Company's proportionate interest in such activities.

(h) Foreign currency translation
The Company considers its operations in Pakistan and Canada to be integrated, and uses the Canadian dollar as its reporting currency. Non-Canadian dollar denominated assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates for monetary items, and at historical transaction dates for non-monetary items. Revenues and expenses, except for depletion, depreciation and amortization, are translated at average exchange rates for the period; depletion, depreciation and amortization are translated at the same rates as the related assets. Gains or losses on translation are reflected in the Company's Statement of Operations.

(i) Revenue recognition
Revenue derived from the sale of the Company's petroleum and natural gas products is recognized when title to the product passes from the Company to its customer.

(j) Income taxes
Income taxes are calculated using the liability method of tax accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income taxes and liabilities. Future income tax assets and liabilities are calculated using tax rates that are enacted or substantively enacted and are expected to apply in the periods that the temporary differences are expected to reverse. To the extent that management does not consider it more likely than not that a future income tax asset will be realized a valuation allowance is provided.

(k) Stock based compensation
The Company has issued options to directors, officers and employees to acquire common shares. These options are accounted for using the fair value method which estimates the value of the options at the date of grant using the Black-Scholes option pricing model. The fair value thus established is recognized as an expense over the life of the warrants with a corresponding increase to contributed surplus. When the options are exercised, the proceeds received and the applicable amount in contributed surplus will be credited to capital stock.

(l) Earnings per share
Basic earnings per share is calculated by dividing net earnings attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share, when appropriate, is calculated using the treasury stock method which adjusts earnings and weighted average shares outstanding to recognize the effect, if any, of the exercise of in-the-money stock options and warrants.

2. **Significant accounting policies (continued)**

(m) Measurement uncertainty
In preparing the Company's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the measurement and disclosure of contingent assets and liabilities at the date of the consolidated financial statements together with the reported amounts of revenues and expenses for the reporting periods then ended. Actual results could differ from these estimates. Estimates and judgements used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the consolidated financial statements are prepared. Predicting the outcome of future events cannot be done with certainty however, and therefore estimates used may change as new events occur, additional experience is acquired or the Company's operating environment changes.

(n) Litigation
The Company assesses each lawsuit on an action by action basis as to the probability that a claim will be successful. Claims are not reflected as an asset or a liability or an expense or recovery in the consolidated financial statements until such time that there is a high degree of probability that the claim will be successful, taking into consideration all avenues of appeal and settlement.

(o) Comparative amounts
Certain comparative amounts have been reclassified to conform to the current year's presentation.

Future Accounting Policy Changes
Effective October 1, 2007, the Company will adopt new accounting standards for Capital Disclosures (CICA Handbook Section 1535) and Financial Instruments – Disclosure and Presentation (CICA Handbook Sections 3862 and 3863).

Capital Disclosures
Under Section 1535, the Company will disclose its objectives, policies and procedures for managing capital, any summary quantitative data about what the Company manages as capital, whether the Company has complied with any externally imposed capital requirements and, if the Company has not complied with them, any consequences of non-compliance with these capital requirements.

Financial Instruments – Disclosure and Presentation
The new Sections 3862 and 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation. Disclosure requirements are revised and enhanced, while presentation requirements remain essentially unchanged. The new disclosure requirements will expand discussion around the significance of financial instruments for the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

3. **Business acquisition**

On November 3, 2006, the Company, together with Petroleum Exploration (Pvt.) Limited ("PEL"), signed a Share Purchase Agreement to acquire all of the issued and outstanding common, voting shares of Pyramid Energy International Inc. ("Pyramid"). Pursuant to the terms of the agreement, Jura acquired 66.665% of the shares of Pyramid and PEL acquired 33.335% of the Pyramid shares.

Pyramid's only petroleum and natural gas property is a 15.7895% interest in a concession situated in the Central Gas Basin in Pakistan. The concession area currently has natural gas wells on production, and includes additional acreage which is being evaluated for further development.

The conditions to which the agreement was subject have all been met, and the acquisition closed on January 3, 2007, with this being deemed the effective date of the acquisition for accounting purposes. Accordingly, the Company's Statement of Operations for the current year reflects Pyramid's revenues and expenses, less PEL's minority interest since the date of closing.

The cost to the Company for its interest in Pyramid amounts to $7,112,394 with consideration consisting of a cash payment of $5,831,198 (US$5,028,893 converted to Canadian currency at 1.1595), the issuance of 1,608,889 common shares valued at $1,232,570, and $48,626 in legal and professional fees paid. The valuation of the Company's common shares issued was based on the weighted average closing price of the Company's shares on the TSX for the five day trading period ended January 5, 2007.

3. Business acquisition (continued)

A summary balance sheet showing the allocation of the purchase consideration at January 3, 2007 is as follows:

Current assets		
Cash	$	228,878
Accounts receivable		356,452
Petroleum and natural gas properties		10,749,340
Current liabilities		
Accounts payable and accrued liabilities		(79,354)
Asset retirement obligation		(152,195)
Future income tax liability		(2,049,000)
Non-controlling interest		(1,941,727)
	$	7,112,394

The preliminary allocation to Asset retirement obligation had been $811,203 (as disclosed in unaudited interim consolidated financial statements for the year) with this then being adjusted to $152,195 as presented above on the basis of more complete information related to estimates for potential abandonment costs in Pakistan. The offsetting adjustment of $659,008 is reflected above as a reduction to the value assigned to petroleum and natural gas properties.

In connection with this acquisition, the Company loaned $3,582,465 (US$3,067,774) to PEL, representing their share of purchase consideration payable. The loan was repaid in full by year-end. The Company realized a foreign exchange loss of $298,076 on the settlement of the loan receivable.

4. Cash and cash equivalents

		September 30, 2007		September 30, 2006
Cash	$	778,445	$	1,417,276
Short-term investments in HSBC (Canada) issued Banker's Acceptances and Bearer Deposit Notes		15,597,074		20,174,220
	$	16,375,519	$	21,591,496

5. Other assets

Other assets include restricted cash and non-bank Canadian Asset Backed Commercial Paper ("ABCP") that the Company held as at September 30, 2007.

	September 30, 2007	September 30, 2006
Restricted cash (not available for general corporate purposes)		
(a) Provided as security for bank guarantees to the Government of Pakistan for exploration and development expenditure commitments made pursuant to the granting of petroleum exploration licences.; invested in interest bearing securities	$ 3,075,026	$ 3,449,721
(b) Held pursuant to a trust agreement for Company indemnities provided to certain present and past directors and officers.	-	500,000
	3,075,026	3,949,721
Non-bank Asset Backed Commercial Paper		
Cash invested to purchase $15.0 million face value ABCP	14,938,950	-
Less: valuation allowance	(1,688,000)	-
	13,250,950	-
	$ 16,325,976	$ 3,949,721

The Company's non-bank ABCP investment matured on August 14, 2007 however the $15.0 million due on maturity was not funded by the issuer of the security, and the full amount of the investment remains uncollected and outstanding as at the Company's year-end. A group representing banks, asset providers and major investors (the "Montreal Group") has been working to re-establish normal operations in the Canadian ABCP market with their stated goal being to restore liquidity to this market. However, as at the date of these financial statements, there is no basis to determine whether the Canadian non-bank ABCP market will be restored, and if so, when such restoration will occur. Further, there has yet to be established a viable, liquid secondary market for Canadian ABCP, and there is no assurance that such a market will be established in the future. As reasonably prompt liquidation is unlikely, the Company has reclassified this investment in ABCP to long-term in other assets. This investment continues to be classified as held-for-trading.

At September 30, 2007 the Company made a fair value determination of this ABCP investment. The Company used a probability weighted valuation technique to reflect the expected realization of the notes in an active secondary market for the long-term, floating rate notes that are currently anticipated to be the most likely financial instrument to replace the Company's ABCP. The Company also considered the timing and discounted value of future possible cash inflows in determining the valuation allowance stated above.

There is no certainty as to whether a Canadian non-bank ABCP market will eventually be restored and consequently the timing and amount of any future cash flows may vary materially from current estimates.

6. Property and equipment

	September 30, 2007	September 30, 2006
Petroleum and natural gas properties	$ 68,609,117	$ 45,313,221
Office and computer equipment	447,585	325,370
Leasehold improvements	327,232	327,232
	69,383,934	45,965,823
Accumulated depletion, depreciation and amortization	(4,256,588)	(516,365)
	$ 65,127,346	$ 45,449,458

6. Property and equipment (continued)

Included in petroleum and natural gas property expenditures for the year ended September 30, 2007 are capitalized general and administrative costs in the amount of $1,404,567 (2006: $577,254). Unproven property costs of $54,254,734 (2006: $45,313,221) have been deducted from and future capital costs of $878,792 (2006: NIL) have been added to costs subject to depletion and amortization for the year ended September 30, 2007.

The following independent engineering consultant's prices were used to undertake the ceiling test as at September 30, 2007.

	2007	2008	2009	2010	2011	2012
Natural Gas (US$/mmbtu)	$ 2.34	$ 2.34	$ 2.41	$ 2.48	$ 2.56	$ 2.64

7. Deferred foreign exchange option loss

The Company entered into a foreign currency option contract on July 12, 2007 under which US$14.0 million was purchased for C$14,655,200 (FX conversion rate = 1.0468) on October 12, 2007, the expiry date of the contract. Based on the Canadian to United States currency exchange rate at September 30, 2007 of 0.9983, the Company recognized an unrealized loss of $707,000 on this financial instrument for the current year. At expiry of the contract on October 12, 2007, the Company incurred an additional loss of $313,386 for a total realized loss of $1,020,386 on the financial instrument.

8. Note payable

	September 30, 2007	September 30, 2006
Note payable, unsecured. (note 18(a))	$ 650,000	$ 650,000
Sundry	-	213,426
	$ 650,000	$ 863,426

9. Asset retirement obligation

The Company's asset retirement obligations result from its working interest ownership in petroleum and natural gas properties, including tangible well equipment and processing facilities. The Company's estimate of the total undiscounted cash flows required to settle asset retirement obligations is $311,795, which is expected to be incurred between 2012 and 2017. Accretion expense for the period is included with depletion, depreciation and amortization.

The Company's credit adjusted risk free rate of interest of 8% and inflation of 2% were used to calculate the net present value of the asset retirement obligation.

	September 30, 2007
Acquired, January 3. 2007 (note 3)	$ 152,195
Additions	18,046
Accretion	7,050
Balance, end of year	$ 177,291

10. Non-controlling interest in subsidiaries

		September 30, 2007		September 30, 2006
Balance, beginning of year	$	833,298	$	1,769,509
Business acquisition (note 3)		1,941,727		-
Current operations		(145,545)		(936,211)
Balance, end of year	$	2,629,480	$	833,298

11. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, with rights and privileges as determined by the Board of Directors.

(b) Issued

Common shares issued:

	Number of shares		Stated value
Balance, September 30, 2005	*59,835,356*	$	142,319,358
Issuance of shares upon acquisition of petroleum and natural gas properties	*14,958,838*		23,186,199
Private placement, net of costs of issuance	*15,000,000*		13,379,001
Balance, September 30, 2006	*89,794,194*		178,884,558
Issuance of shares for business acquistion (note 3)	*1,608,889*		1,232,570
Bought deal equity financing, net of costs of issuance	*26,100,000*		27,131,299
Stock options exercised	*250,000*		215,000
Balance, September 30, 2007	*117,753,083*	$	207,463,427

The weighted average number of common shares outstanding used in computing loss per share for 2007 is 99,490,569 shares (2006: 66,972,395 shares).

On June 6, 2007 the Company closed a $30.0 million bought deal equity financing in which 26,100,000 common shares were issued at a price of $1.15 per share. The costs of issuance for this financing included cash expenses of $2,152,966 and the issuance of 1,566,000 broker warrants exercisable at $1.15 to which an imputed fair value of $730,735 has been ascribed. The broker warrants estimated fair value was calculated using the Black-Scholes option pricing model with the following variables and assumptions: (a) risk free interest rate of 4.6% (b) expected life of 2 years, (c) expected volatility of 82%, and (d) no expected dividends.

In connection with the acquisition of oil and gas properties in June 2006, the Company issued 14,958,838 common shares to which it attributed a value of $1.55 per common share, this being the closing price of the shares on the Toronto Stock Exchange on April 17, 2006. The Company's initial announcement concerning the oil and gas acquisition was made on April 18, 2006 and the Company believes this share price is a reasonable fair value of the shares issued.

Pursuant to the acquisition of petroleum and natural gas properties in June 2006, the Company agreed to issue an additional 500,000 of its common shares for each 100 billion cubic feet of reserves of natural gas proven for these properties during the five years following June 2, 2006, to a maximum of an additional 7,681,918 common shares. The

11. Share capital (continued)

issuance of these additional common shares will be subject to regulatory approval. If regulatory approval is not obtained, the Company will pay an equivalent amount in cash, based upon the volume weighted average trading price of the common shares in lieu thereof.

On August 9, 2006, the Company completed a private placement of 15,000,000 Units at a price of $1.00 per unit for gross proceeds of $15,000,000. Each Unit consisted of one Jura common share and one common share purchase warrant. 12,000,000 of the Units were sold on a brokered agency basis and 3,000,000 of the Units were sold on a non-brokered basis. Each warrant was exercisable for one year from the date of issuance at price of $1.50 per Jura common share. None of these warrants were exercised and all expired on August 9, 2007. The brokered portion of the private placement was completed on August 9, 2006 for gross proceeds of $12,000,000. A fee of $0.075 per brokered Unit, or an aggregate of $900,000, was paid to the agents for the private placement. In addition, as additional consideration for the sale of those brokered Units that were sold in Canada, the Company granted the agents compensation warrants to purchase 900,000 Jura common shares that are exercisable for two years at a price of $1.00 per compensation warrant. As at September 30, 2007 none of these compensation warrants have been exercised. The non-brokered portion of the private placement was completed on August 14, 2006 for gross proceeds of $3,000,000.

(c) Stock Options

The Company's shareholders approved an amended and restated stock option plan in March 2007. Amendments to the stock option plan were made to reflect the current requirements of the Toronto Stock Exchange regarding security based compensation agreements, and include:

- The aggregate number of shares to be issued under the stock option plan is limited to 10% of the Common Shares outstanding from time to time, and
- The exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

Share purchase options outstanding are as follows:

	Number	Option price per share
Granted April 4, 2005; expire April 4, 2010	*1,620,000*	$0.69
Granted March 30, 2006; expire March 30, 2011	*4,300,000*	$1.55
Balance outstanding, September 30, 2006	*5,920,000*	
Granted December 13, 2006; expire December 13, 2011	*2,140,000*	$1.00
Granted January 8, 2007; expire January 8, 2012	*350,000*	$1.00
Granted June 5, 2007; expire June 5, 2012	*100,000*	$1.15
Options exercised	*(250,000)*	$0.69
Balance outstanding, September 30, 2007	*8,260,000*	

11. Share capital (continued)

The following table summarizes information about the options outstanding and exercisable at September 30, 2007:

Options outstandng			Options exercisable	
Exercise price	*Options*	*Contractual life remaining, years (weighted average)*	*Options*	Exercise price
$ 0.69	1,370,000	2.5	1,370,000	$ 0.69
$ 1.55	4,300,000	3.5	4,300,000	$ 1.55
$ 1.00	2,490,000	4.2	1,363,332	$ 1.00
$ 1.15	100,000	4.7	-	$ 1.15
	8,260,000		7,033,332	

(d) Stock Based Compensation expense

During fiscal 2007, the Company recorded $1,101,023 (2006: $83,658) of stock based compensation expense with a corresponding increase to Contributed Surplus. The Company has not capitalized any of the stock based compensation expense recorded.

The fair value of the options granted in the current year was determined using the Black-Scholes option pricing model with the following assumptions: expected volatility of 83%, risk-free interest rate of 4.6% and an expected life of 4 years.

(e) Common Share Purchase Warrants

Share purchase warrants outstanding are as follows:

	Number	Exercise Price per share
Balance, September 30, 2005	-	
Exercisable for one year from August 19, 2006	*15,000,000*	$1.50
Exercisable for two years from August 19, 2006	*900,000*	$1.00
Balance, September 30, 2006	*15,900,000*	
Exercisable for eighteen months from June 6, 2007	*1,566,000*	$1.15
Expiry of warrants on August 19, 2007	*(15,000,000)*	$1.50
Balance, September 30, 2007	*2,466,000*	

12. Contributed surplus

	September 30, 2007	September 30, 2006
Balance, September 30, 2006	$ 20,170,769	$ 15,724,319
Stock based compensation (note 11 (d))	1,101,023	4,012,878
Broker warrants (note 11 (b))	730,735	433,572
Exercise of options	(42,500)	-
Balance, September 30, 2007	$ 21,960,027	$ 20,170,769

13. Other income

The Company's former operations as a merchant bank continue to result in the intermittent receipt of revenues from legal settlements, recovery of amounts previously written-off or for which allowances were provided for, and certain expenses continue to be incurred. These amounts are summarized in the following table:

	Years ended September 30, 2007	2006
Gains on settlement of legal claims	$ 1,824,246	$ -
Gain on sale of assets	-	619,033
Other revenue	-	849,883
Recovery on settlement of amounts payable	369,624	-
	$ 2,193,870	$ 1,468,916

A gain on the settlement of a legal claim for $1,324,246 is recorded in the current period, and arises from the conclusion of, and satisfaction of all conditions related to a legal settlement agreement reached with former officers of the Company. The assets underlying the legal claims were all loans and notes receivable to the Company against which valuation allowances, and the expenses related thereto, had been established in previous years. The consideration due to the Company specified in the settlement agreement was received by the Company on February 22, 2007 and May 11, 2007. Accordingly, the gain on settlement was recognized in the periods in which the consideration was received.

An additional $500,000 settlement was reached on a separate legal claim on September 25, 2007 that related to the former operations of the Company; this amount was collected subsequent to year-end.

The recovery on settlement of amounts payable recorded in 2007 resulted from the same settlement referred to above, and was recorded in the first quarter of 2007 as the Company had determined that the liabilities being carried on its books at the end of the quarter would not be paid to the former officers in accordance with the settlement agreement.

Other revenue for the prior fiscal year includes $709,183 in investment and other minor amounts, $130,000 related to the recovery of a note receivable previously written-off, and $10,700 in rental revenue.

14. Income taxes

The differences between the income tax provision calculated using statutory rates and the reported income tax provision are as follows:

	Years ended September 30, 2007	2006
Net loss before income taxes and non-controlling interests	$ (6,014,654)	$ (3,116,826)
Federal and provincial statutory rate	32.12%	32.87%
Expected income tax recovery	$ (1,931,907)	$ (1,024,501)
Non-deductible payments	672,688	-
Benefit of utilization of tax losses of previous years	-	2,995,721
Valuation allowance adjustments	(238,408)	(3,288,114)
Adjustment to future tax assets and liabilities for enacted tax rates	2,036,427	1,274,727
	$ 538,800	$ (42,167)

14. Income taxes (continued)

The tax effects of temporary differences that give rise to future tax balances at September 30 are:

	2007	2006
Future tax assets:		
Capital loss carry forwards	$ 364,148	$ 124,966
Share issuance expense and other assets	936,814	491,570
Asset retirement obligation	66,484	-
Non-capital loss carry forwards	19,427,927	34,912,233
Total future income tax assets	20,795,373	35,528,769
Valuation allowance	(20,728,889)	(35,528,769)
Future tax liabilities:		
Property and equipment	(2,654,284)	-
Net future income tax liability	$ (2,587,800)	$ -

As at September 30, 2007, the Company has accumulated non-capital losses for tax purposes of $63.9 million in Canada which can be used to reduce income taxes otherwise payable. A valuation allowance has been recorded against these future income tax assets, as the Company cannot demonstrate that it is more than likely than not that these assets will be realized by the application of these losses to reduce or eliminate taxes on taxable income in future periods.

15. Changes in other current assets and liabilities

	Years ended September 30, 2007	2006
Accounts receivable	$ (373,346)	$ 1,961,627
Prepaid expenses and deposits	344,091	(251,942)
Restricted cash, net - reclassified from long-terrn	-	1,082,650
Loans and notes receivable		(47,171)
Accounts payable and accrued liabilities	(521,437)	898,861
Income tax payable	-	(125,310)
Deferred revenue	-	(286,447)
	$ (550,692)	$ 3,232,268

16. Commitments

The Company has leased office space in Calgary, Alberta with an expiry date of July 31, 2008. The lease agreement contains an early termination clause if the building is redeveloped stating that after July 31, 2007 either the landlord or the Company can cancel the lease upon ninety days prior written notice. The estimated cost remaining under the lease obligation reflected in the commitment table below assumes no early termination.

The Company has leased office space in Islamabad, Pakistan for a two year term expiring on June 14, 2008. The lease agreement contains an early termination clause stating that either the landlord or the Company can cancel the lease upon sixty days prior written notice. The estimated cost remaining under the lease obligation reflected in the commitment table below assumes no early termination.

16. Commitments (continued)

A summary of the Company's above commitments for the next five calendar years:

		Leased Premises
2007	$	50,540
2008		112,898
thereafter		-
	$	163,438

The Company's contractual resource related commitments initially amounted to $3.6 million (US$3.1 million) for exploration and development commitments made pursuant to the granting of petroleum exploration licences by the Government of Pakistan. The Company has pledged this amount in cash as security against the guarantee (see Note 5 (a)). Exploration and development expenditures incurred to September 30, 2007 have reduced the remaining commitment to $2.1 million.

17. Financial instruments

Financial risk management
The Company as part of its operations carries a number of financial instruments including cash and short-term deposits, accounts and a note receivable, prepaid expenses and deposits, marketable securities, accounts payable and accrued liabilities and notes payable. The Company is exposed to the following risks related to financial assets and liabilities:

(a) Interest rate risk

The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. Other interest rate risks on the Company's obligations are not considered material.

(b) Credit risk

The Company's accounts receivable are primarily from joint venture partners, government agencies and customers operating within the international petroleum and natural gas industry, and are subject to credit and political risks that would be considered normal in this environment.

The Company has an investment with a maturity value of C$15.0 million in non-bank Canadian Asset Backed Commercial Paper with a maturity date of August 14, 2007. The Company had to make an estimate of the impact of the credit risk when calculating a valuation discount as at September 30, 2007 (note 5).

(c) Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between Canadian dollars, United States dollars and Pakistan rupees. At September 30, 2007 the Company's primary exposures relate to U.S. dollars held on deposit for the Government of Pakistan and for commitments related to expenditures on petroleum and natural gas properties.

(d) Fair Value

The recorded value of the majority of the Company's financial assets and liabilities approximate their fair values due to their demand nature or because of their relatively short term to maturity.

18. Litigation

The Company is involved in a number of lawsuits that remain outstanding from its former business activities as a merchant bank – as plaintiff in some cases and as defendant in others. The Company assesses each lawsuit on an action by action basis as to the probability that a claim will be successful. Claims are not reflected as an asset or liability, or as an expense or recovery in the consolidated financial statements until such time as there is a high degree of probability that the claim will be successful, taking into consideration all avenues of appeal and settlement.

18. Litigation (continued)

A summary of each claim is as follows:

(a) Hotel property foreclosure

A Company subsidiary was sued by the first mortgage holder on a hotel property to recover $2,814,969, being the claimed shortfall between the net proceeds from the judicial sale of the foreclosed property and the outstanding debt secured by the property plus additional interest and costs from the defendants. The Company believes it has valid defenses to this claim and accordingly has not recorded any related liability.

The former unit-holders and shareholders of the subsidiary commenced an action against the Company for non-performance on a $650,000 note payable due in respect of the acquisition of the subsidiary. The Company believes it has valid defenses to this claim, however the principal amount of the obligation is still recorded as a note payable (note 8).

(b) Former auditors

The Company brought an action in September 2003 against the former auditors of the Company, alleging breach of contract, negligence, and breach of statutory duty in the performance of its audit of the Company's financial statements for the fiscal years 1998 to 2001, inclusive. The Company intends to vigorously pursue this claim.

(c) Chateau Hotels

The Company previously had loaned $542,419 to Chateau Hotels and Resorts Inc. ("Chateau"); a provision for impairment for the full amount outstanding has been provided for in prior periods. A company related to Chateau is claiming that it is owed a total of approximately $900,000 for services performed pursuant to an oral agreement. The company related to Chateau has requested payment of the balance and the Company's management has refused. The company related to Chateau has filed a statement of claim and the Company has filed a claim against Chateau for the balance of the note plus interest. The outcome of this matter is not determinable at this time.

(d) Other

Various other legal actions remain unresolved however the outcome of the actions is considered unlikely to have any material effect on amounts presently recorded in the Company's financial statements.

19. Related party transactions

a) For the year ended September 30, 2007 the Company expensed $297,177 (2006 - $215,419) for Directors fees and other services. Included in this figure is $5,710 (2006 - $38,669) relating to the imputed fair value of compensation expense for stock options. At September 30, 2007 $30,200 (2006 - $73,000) was due to these directors and included in accounts payable and accrued liabilities in the consolidated balance sheet.

b) In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other overheads with a company for which certain officers and directors are also an Officer and Directors of the Company. For the year ended September 30 2007, the Company's share of these costs amounted to $300,618 (2006: $114,004); there was no amount outstanding at the year end.

c) In May 2007, the Company commenced providing financial and accounting services to Loon Energy Inc. ("Loon"), which owns 6.4% of the outstanding shares of the Company. Two directors and officers of Loon are directors of the Company. For the year ended September 30, 2007, the Company had charged fees and associated costs totaling $141,011 (2006 – Nil). At September 30, 2007 $141,011 (2006 – Nil) was due from Loon and included in accounts receivable on the consolidated balance sheet.

The above related party transactions were at exchange amounts agreed to by both parties which approximate their fair value.

20. Segmented information

The Company's reportable business segments include its oil and gas operations carried out in Pakistan, and its remaining merchant bank operations, carried out in Canada and the United States.

	September 30, 2007			
	Canada	USA	Pakistan	Consolidated
Petroleum and natural gas sales	$ -	$ -	$ 1,273,309	$ 1,273,309
Sales Tax	-	-	(170,926)	(170,926)
Royalty	-	-	(122,329)	(122,329)
Interest Income	662,260	4,111	216,305	882,676
Other income	1,739,172	369,624	-	2,108,796
Expenses				
Production	-	-	120,542	120,542
General and administrative	4,431,939	170,411	369,899	4,972,249
Unrealized foreign exchange loss	1,028,849	39,269	263,594	1,331,712
Realized foreign exchange loss	964,497	-	-	964,497
Valuation allowance	1,688,000	-	-	1,688,000
Depreciation	26,422	-	882,757	909,179
Non-controlling interest	-	-	(145,544)	(145,544)
Future income tax expense	-	-	538,800	538,800
Net loss for the year	$ (5,738,275)	$ 164,055	$ (833,688)	$ (6,407,910)
Total assets	$ 29,736,511	$ -	$ 70,904,835	$ 100,641,346
Property and equipment expenditures	$ 69,956	$ -	$ 9,736,464	$ 9,806,420

	September 30, 2006			
	Canada	USA	Pakistan	Consolidated
Petroleum and natural gas sales	$ -	$ -	$ -	$ -
Sales tax	-	-	-	-
Royalty	-	-	-	-
Other income	2,194,307	534,680	-	2,728,987
Expenses				
Production expenses	-	-	-	-
General and administrative	3,693,648	1,933,424	91,056	5,718,128
Unrealized foreign exchange loss	123,371	(19,670)	5,730	109,431
Realized foreign exchange loss	-	-	-	-
Depreciation	10,118	-	8,136	18,254
Non-controlling interest	-	(936,211)	-	(936,211)
Current income taxes	(42,167)	-	-	(42,167)
Net loss for the period	$ (1,590,663)	$ (442,863)	$ (104,922)	$ (2,138,448)
Total assets	$ 22,238,449	$ 335,592	$ 49,169,882	$ 71,743,923
Property and equipment expenditures	$ 137,661	$ -	$ 17,968,329	$ 18,105,990

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